

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE**

45 Fremont Street
San Francisco, CA 94105

**NOTICE OF ADOPTION OF EMERGENCY REGULATION PURSUANT TO
GOVERNMENT CODE SECTION 11346.1(b)**

ER04041538

June 12, 2006

California Insurance Commissioner John Garamendi (“the Commissioner”) hereby provides notice that he will submit the adoption of sections 2194.9 – 2194.17 of Article 12 of Subchapter 1 of Chapter 5 of Title 10 of the California Code of Regulations (CCR) to the Office of Administrative Law for approval pursuant to California Government Code section 11346.1(b).

Notice was previously issued on July 28, 2005. The subsequent rulemaking file submitted to the Office of Administrative Law on September 30, 2005 for adoption on an emergency basis was withdrawn on October 11, 2005 pending further Department of Insurance internal review of the regulation requirements.

This Notice contains a description of the problem and the necessity for the regulation, a justification for the regulation, and the text of the regulation.

This Notice is provided to every person, group, and association that has previously filed a request for notices of regulatory action with the Commissioner.

The Department will submit this regulation to the Office of Administrative Law for adoption on an emergency basis, along with the Department’s rulemaking file, not less than five (5) working days after the mailing of this Notice. Questions regarding this rulemaking action should be directed to:

California Department of Insurance
Legal Division
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DESCRIPTION OF PROBLEM AND NECESSITY FOR REGULATION

Assembly Bill 2520 (Vargas) of 2004 (Chapter 428, Statutes of 2004), effective January 1, 2005, adds Article 16.3, commencing with section 1758.7, to Chapter 5 of Part 2 of Division 1 of the California Insurance Code, creating a new category of production agency license to include the Self-Service Storage Insurance Agent License. This bill provides for the Commissioner to issue a self-service storage insurance agent license to a self-service storage facility or franchisee of a self-service storage facility, as defined, authorizing the facility or franchisee to sell or offer to its

customers insurance in connection with, and incidental to, self-service storage rental agreements. Such insurance is limited to insurance that provides hazard insurance coverage to renters for the loss of, or damage to, tangible personal property in storage or in transit during the rental period, and any other coverage the Commissioner may approve as meaningful and appropriate in connection with the rental of storage space. The bill imposes certain requirements on the licensees and endorsees with respect to training and other related matters.

Existing law makes it a crime to act or assume to act in a capacity for which a production agency license is required without having such a license. By creating a new category of production agency license, this bill expands the scope of activities for which a license is required. Thus, this bill also expands the scope of an existing crime. Emergency regulations are necessary to advise applicants of the requirements for the Self-Service Storage Insurance License and to establish the guidelines and fees necessary for the Department's immediate acceptance of applications.

The regulation hereby noticed fulfills the legislative mandate by implementing, interpreting, and making specific the provisions of the law.

JUSTIFICATION FOR ADOPTION OF EMERGENCY REGULATION

This regulation is necessary to implement, interpret, and make specific the provisions of California Insurance Code sections 1758.7 through 1758.792.

TEXT OF THE REGULATION TO BE ADOPTED

The text of the regulation is attached herein and is updated from the text previously noticed on July 28, 2005.